BEFORE THE

POSTAL REGULATORY COMMISSION

WASHINGTON, DC 20268-0001

Periodic Reporting   Docket No. RM2022-3

(Proposal One)

PUBLIC REPRESENTATIVE MOTION

FOR ISSUANCE OF SECOND INFORMATION REQUEST

AND NOTICE OF FILING UNDER SEAL

(Issued February 23, 2022)

Pursuant to 39 C.F.R. § 3001.21(a) and 39 C.F.R. § 3007.3(c), the Public
Representative requests that an Information Request be issued to obtain additional
clarifying information from the Postal Service concerning the proposed changes to
analytical methods in calculating attributable city carrier, letter route, street time costs by
employing an overall top-down model, labeled as Proposal One, filed January 5, 2022,[1]
and following up on the responses provided to the Chairman Information Request No. 1,
filed on January 12, 2022,[2] and Chairman Information Request No. 3, filed on February

---

[1] Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in
Analytical Principles (Proposal One), January 5, 2022 (Petition). The Petition was accompanied by a study
supporting its proposal. See Michael D. Bradley (Bradley Study), On the Estimation of a Top-Down Model for City
Carrier Street Time*, January 5, 2022.
[2] Docket No. RM2022-3, Responses of the United States Postal Service to Questions 1-3 of Chairman's Information
Request No. 1, January 18, 2022 (Response to CHIR No. 1).

22, 2022[3]. The proposed questions seek information that will allow participants to provide more constructive comments and evaluate whether the proposal meets the applicable legal and regulatory requirements. Obtaining this information will also contribute to a better understanding of how the Postal Service has interpreted Commission rules and allow the Commission to make a fully informed, reasoned determination on whether Proposal One meets applicable legal and regulatory requirements, including 39 U.S.C. § 3652(e)(2) and 39 C.F.R. part 3050.

Proposed Question(s)

1.   Please *see* Attachment filed under seal.

2.   Please *see* Attachment filed under seal.

3.   The Bradley Study provides equations for "marginal time for product type "j"," variability, and "percentage response in street time." Bradley Study at 64. Please also refer to Library Reference USPS-RM2022-3-1_Rev01212022, January 21, 2022, folder "Directory 2 CRE Model Programs and Results," SAS program files "CRE Model Combined Restricted Quad with Time Effects.sas," "CRE Model Combined Restricted Quad Dec.sas," and "CRE Model Combined Restricted Quad Rand2.sas." Please provide a thorough breakdown of how the referenced equations are calculated in the abovementioned programs. Please include comments on the summands involving k, the sum of products involving variables such as sqm and pct_cent, and the 0.0138889 multiplier used in the first program mentioned above.

4.   Please refer to the Bradley Study's description of the Collection Volume Data Set stating, "In the course of their delivery activities, letter carriers also collect mail from customers' receptacles...so it is important to include some measure of this collected volume to avoid omitted variables bias... Carriers from over one thousand ZIP Codes participated in the collection volume study in a two-week period in January and February 2021." Bradley Study at 25 (internal citations

---

[3] Docket No. RM2022-3, Responses of the United States Postal Service to Questions 1-6 of Chairman's Information Request No. 3, February 22, 2022 (Response to CHIR No. 3). Response to CHIR No. 3 also included an attachment, "OneDrive_2022-02-22.zip" (CHIR No. 3 Attachment).

omitted). Please also refer to the Bradley Study that states that "collection volumes vary across ZIP Codes and days of the week, but for each day of the week, for each ZIP Code, the collection volume amount will be the same across all months." Bradley Study at 36.

    a.   Please explain whether average day-of-week collection volume from a study in a two-week period in January and February 2021 can serve as a good proxy for collection volumes for other months. In your explanation, please discuss how this proxy can address the seasonality associated with collection volumes in different months.

    b.   Please discuss whether any weighting of collection volumes was considered to adjust for seasonality when merging these volumes into the final panel Delivery Data Set. If not considered, please discuss whether such a methodology could and should be employed in the Postal Service's treatment of collection volumes in the variability analysis.

5.   Please refer to page 28 of the Bradley Study, which states that "if there were less than 5 of those other days with non-zero volume, then the remaining data were not sufficient to form the basis for calculating a replacement for the illegitimate days, and the route was removed from the data set... (W)hen there were 5 or more days with non-zero volumes, the average value for the legitimate days was calculated and used in place of the illegitimately reported volumes." Bradley Study at 28.

    a.   Please explain how 5 was chosen as a cutoff point in the referenced quotations.

    b.   Please explain the reason imputation was attempted in some scenarios and elimination in others, such as in the above example, rather than elimination used in each scenario.

6.   Please also refer to Response to CHIR No. 1 that states, "Simply put, there are so few observations for which imputation is being applied, that there is no need to test whether the data are missing randomly." Response to CHIR No. 1, question 1.c.

    a.   Please confirm that the Postal Service believes that its imputation procedures overall yielded a net benefit in methodological validity in the

Bradley Study's analysis and provide the theory and evidence used in support of this claim. Please explain the reasoning for its belief.

    i. If confirmed, please discuss whether the Postal Service believes that the net benefit of imputation outweighs the practical costs (in terms of loss of transparency, increased complexity, etc.) of time and effort required to conduct the imputation procedures. Please explain the reasoning for its belief.

    ii. If not confirmed, please explain why imputation procedures are included in the street time variability analysis.

7. Please refer to Response to CHIR No. 3. The Postal Service states that, "The ZIP Codes used for comparison with the FSS ZIP Codes were the non-FSS ZIP Codes. The deployment of FSS machines was not done randomly. Specifically, the machines were deployed in zones that had high levels of flats volume. Because volumes, by type, are correlated across ZIP Codes, ZIPs that received FSS machines, were large, high volume ZIP codes with high numbers of routes, hours and volumes." Response to CHIR No. 3, question 4.d.ii.

    a. Please confirm that the Postal Service believes that stratifying by FSS zip code costs is essentially a proxy for stratifying by zip codes that receive high number of volumes (and therefore costs).

        i. If confirmed, please confirm whether the Postal Service considered alternative models which would estimate variabilities for zip codes with different volumes (or costs), e.g., by using indicator variables for different volume (or cost) buckets.

            1. If confirmed, please report the conclusions from such an analysis.

            2. If confirmed, please explain why the Postal Service chose the approach in this docket over the referenced method.

        ii. If not confirmed, please explain how zip codes receiving FSS machines, all else equal, would affect street time.

    b. Please discuss the potential issues of stratifying by FSS zip codes for future street time variability updates (assuming this petition is approved),

particularly as the composition of FSS zip codes changes as the FSS machines are phased out of certain facilities.

8.   Please refer to CHIR No. 3 Attachment, SAS log file "RM2022.3.CHIR3.Q4b.FSS.nonFSS.txt," SAS output file "RM2022.3.CHIR3.Q4b.FSS.nonFSS.lst," and SAS program file "RM2022.3.CHIR3.Q4b.FSS.nonFSS.sas." Please also refer to Response to CHIR No 3, question 4.b. Please confirm that the program file referenced above does not correspond with the referenced log file, output file, and "Table: Comparison of Means between FSS and non-FSS ZIP Codes in the Analysis Dataset Used in the Top-Down Model" provided by the Postal Service in Response to CHIR No. 3, question 4.b. If confirmed, please provide an updated SAS program file. If not confirmed, please explain the discrepancy between the results of running the program file and the contents of the referenced table, output file, and log files.

                                        Respectfully submitted,

                                        Philip Abraham
                                        Public Representative

901 New York Avenue, N.W., Suite 200
Washington, DC 20268-0001
Phone 202-719-6825
Email: philip.abraham@prc.gov